SERVING THE TOTAL FOODSERVICE INDUSTRY

JANUARY 8, 1992

®RESTAURANTS & INSTITUTIONS

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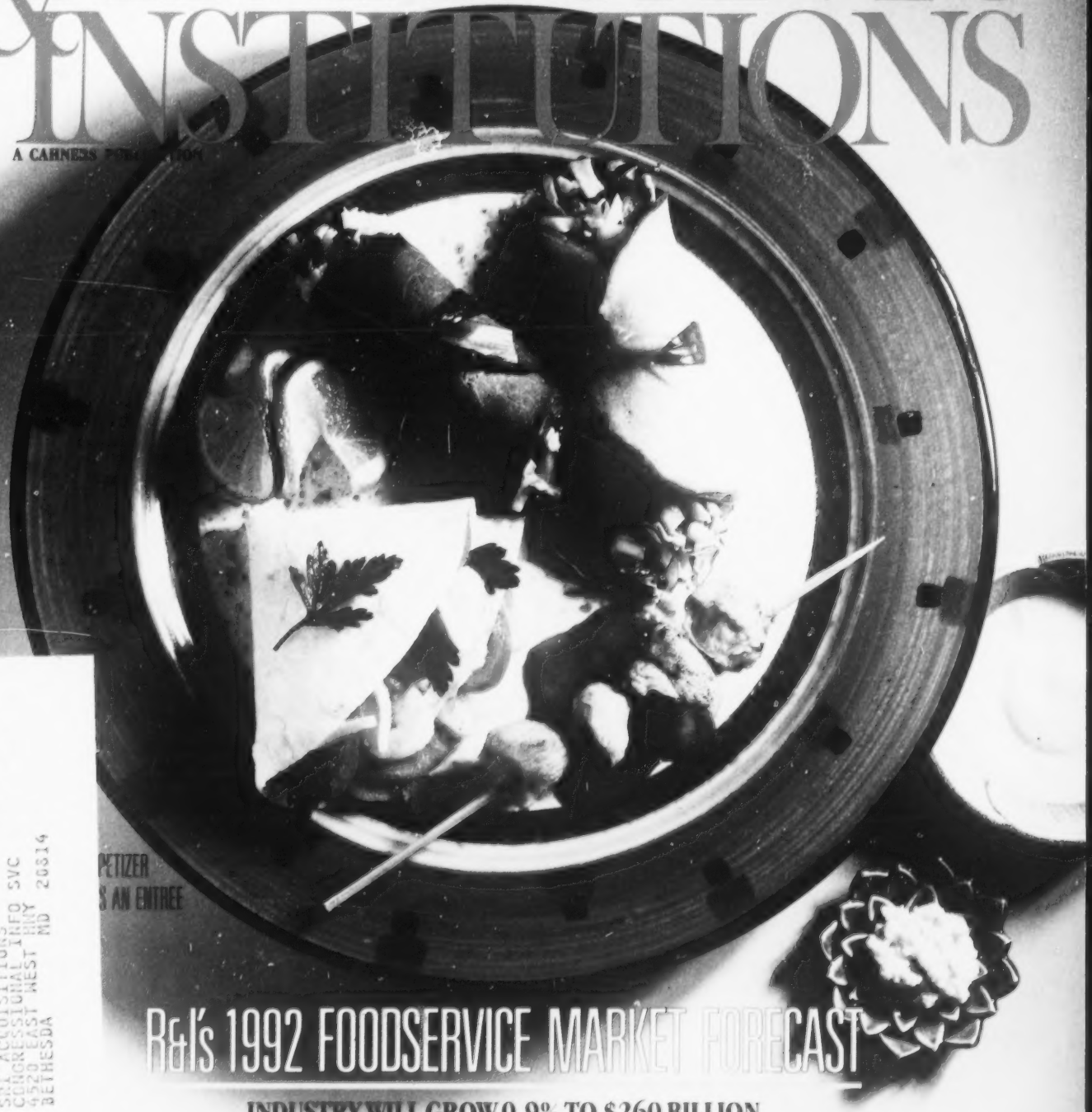

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R&I's 1992 FOODSERVICE MARKET FORECAST

INDUSTRY WILL GROW 0.9% TO $260 BILLION
BY PURSUING INNOVATIVE STRATEGIES IN KEY AREAS

THE MENU: Combos, Coffees, Veggies, Beans, New Menu Math

THE STAFF: Empowerment, Fewer Managers, High-Tech Training

THE KITCHEN: Downsizing, Self-Service, Multipurpose Equipment

THE CUSTOMER: Value Wars, Convenience, Branded Concepts

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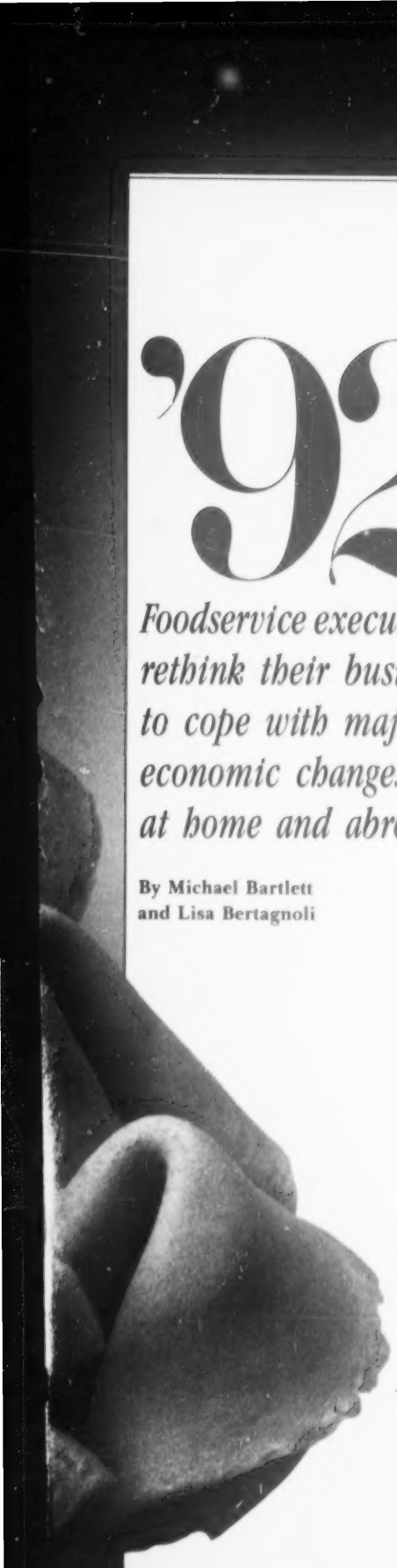
The appetizer entree—beef and ham bundles, chicken satay and shrimp fajitas—is among the top food trends for 1992.

Creative combos, such as this meat, fish, poultry and rice dish, are one of 1992's top menu trends.

'92 R&I's ANNUAL FORECAST

Foodservice executives rethink their business to cope with major economic changes at home and abroad.

By Michael Bartlett and Lisa Bertagnoli



Restaurants & Institutions' 17th Annual Foodservice Industry Forecast predicts that *how* the industry changes in 1992 is as important as how much.

Between 1987 and 1992, seismic changes have shaken global politics and the American financial system. With the breakdown of Communism, the next five years will see free-market economies emerge in Eastern Europe and Russia, presenting U.S. companies with new market opportunities. The stock crash of October 1987 was the first in a series of financial shocks that have left major American institutions such as banks, savings and loans, and insurance firms severely shaken, if not obliterated. The country is now enduring the painful process of restructuring these economic pillars while trying to get out of a recession.

In the midst of all this, and in spite of it, foodservice has begun to redefine what it must be in the 1990s and beyond. While the industry grew hardly at all in 1991, about 0.5%, and, *R&I* predicts, will grow no more than 0.9% in 1992 for total sales of $260 billion, it *will* grow. What it learns in the process is the real subject of the business, segment and trend reports prepared by *R&I*'s editors.

In short, necessary economies and changing markets have forced breakthrough thinking about the foodservice business. As executives and unit managers scour their balance sheets for dollars, they are

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TOTAL COMMERCIAL
1992 real growth: 0.9%
1992 sales: $188.099 billion
1991 units: 539,635

TOTAL INSTITUTIONAL
1992 real growth: 1.0%
1992 sales: $72.204 billion
1991 units: 177,910

TOTAL FOODSERVICE
1992 real growth: 0.9%
1992 sales: $260.303 billion
1991 units: 717,275

Smaller specialty chains are taking over the retail business. Will they try foodservice?

'92

TOP TRENDS

- **Country settles into slow-growth period.**
- **Businesses make do with less.**
- **Small-business startups soar.**
- **Retail transforms into a mini-industry.**
- **Defense cutbacks reverberate.**
- **Crucial legislation looms.**

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creating new criteria for running a restaurant and new approaches to staff, equipment technology, market strategies and customer relations.

Companies are flattening out their management structure and pushing down responsibility. Two benefits of this are to involve employees more fully in decision-making and improved feedback from customers. Front and back, restaurants are getting new shapes and sizes. For example, "kiosk" is now a common designation for downsized, mobile foodservice operations. The search goes on for faster (double-drive-thrus) and quicker (prepackaged, microwavable portions) ways to get food to impatient customers. More nontraditional marketing tie-ins are constantly in test, from food courts in supermarkets to cable television monitors in McDonald's units.

The message in *R&I*'s 1992 forecast is to cast aside invalid assumptions, maintain what is still of value and develop new ways of doing business that fit today's realities.

SLOW GROWTH HERE TO STAY

Foodservice companies are preparing for a long period of no or slow growth. Business and industry contractors tell us they're prepared for their clients to make even more staff cuts (and then foodservice subsidy cuts). IBM, for instance, plans to cut 20,000 more jobs this year—in addition to the 55,000 it has cut in the past two years. Hospitals are bracing for cuts that will eliminate dietitians, who are crucial to patients' well-being.

The prospect of slow growth has chains hunting outside their areas of expertise for new ways to make money. Pizza Hut is opening a full-service Italian restaurant near its headquarters in Wichita, Kan. Others are looking harder outside the United States for room to grow: Jack In The Box's major international interest is in Mexico.

LESS IS MORE

As staffs get smaller and budgets get tighter, companies are finding creative ways to market. Doug McCaskill, special services director at Monsanto, St. Louis, holds focus groups to keep in touch with the company's shrinking number of employees. Among his discoveries: Customers are more price-sensitive because the ranks of white-collar middle-managers are dwindling.

Budget department stores such as Target buck the trend among suffering retailers.

SMALL-BUSINESS STARTUPS SOAR

Meanwhile, cutbacks are creating a new tier of foodservice. Marketing directors and other displaced executives are starting their own chains or becoming consultants. Tom Burnham, former No. 2 executive at Domino's, now is head of Ho-Lee-Chow, a string of Chinese-food delivery stores. Who knows? He might be the first to take such a concept nationwide. Michael Fiori, a former top Chi-Chi's executive, now heads a competitor—the nine-unit On The Border chain. These new businesses both hurt and help existing companies: They create new competition in an already-crowded market, but they also keep the big chains on their toes.

Ex-execs who aren't creating their own chains are helping others do business better. Gary Langstaff, former head of marketing at Hardee's, and then Burger King, now consults, as does Ernie Renaud, late of Church's Chicken and most recently head of Skats, a drive-thru-only burger chain.

RETAIL REFORMATION

Once dominated by major department-store operators—Federated, Dayton Hudson, P.A. Bergner—the retail industry is decentralizing. Smaller boutique chains such as The Gap, Banana Republic and Limited

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This year, Congress will try to cut the business-meal deduction from 80% to 50%.

'92

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Inc. are becoming mini department stores, offering bath supplies and home decorations as well as clothes for men, women and kids. Instead of offering something for everyone, they're starting to offer everything for a well-defined group of loyal customers. Will they try foodservice next?

Among the retail survivors are the budget chains: K mart and Target both have latched on to concepts that suit their customer base. K mart is teaming up with Little Caesars, and Target has claimed early success with its Food Avenue food court.

CRUCIAL LEGISLATION LOOMS

Finally, a major election year like this puts pressure on the industry as unresolved legislation hits the House and Senate floors and newly enacted bills take effect:

□ There is likely to be a verdict on the industry's effort to repeal the 1988 bill requiring employers to pay FICA tax on tips. About 30 senators and 200 representatives have signed as co-sponsors of the repeal bill.

□ Expect Congress to push for a 50% business-meal deductibility.

Defense cutbacks will affect military feeders, base communities and defense-contractor feeders.

□ The technicality that subjects some restaurants—even small businesses grossing less than $500,000 a year—to the minimum-wage law might be reversed this year.

□ The Americans with Disabilities Act, which requires businesses to be accessible to disabled employees and customers, will be clarified this year.

□ The National Restaurant Association and four other groups have formed the Healthcare Equity Action League to repeal mandated health insurance and provide "equal tax treatment" for all employers.

□ The new compromise Civil Rights Bill seems to put less emphasis on employment quotas and might not lead to more employment-related lawsuits, as the industry feared.

DEFENSE CUTBACKS REVERBERATE

The defense industry is becoming but a shadow of its former mighty self. By 1995, the populations of the Army, Navy and Air Force each will hover around 500,000 and the Marines, just more than 200,000—a 19% drop from 1991. Communities (and restaurants) surrounding bases, and B&I contractors at defense giants such as Hughes Aircraft and McDonnell Douglas (and restaurants around those contractors) will feel the cutbacks, and will struggle for ways to make up lost business.

ABOUT R&I'S FORECAST

Restaurants & Institutions' annual market forecast is compiled by the magazine's Bureau of Foodservice Research with the Cahners Bureau of Economics. The forecast is based on consumer spending, employment figures and the prime rate, as well as foodservice-specific indicators such as the Consumer Price Index for food away from home. This year, the real growth figures take into account 3.6% inflation. Figures for institutional segments are calculated as commercial sales equivalents, based on food purchased. Contractor sales are included in the segment in which they occur.

To order forecast, see Action Express.

OPERATORS STEP CAUTIOUSLY INTO 1992

Conservative spending, saving and thinking prevail as companies settle into slow-growth time.

The country might be slowly emerging from the recession, but the recessionary feeling is here to stay.

Despite two consecutive quarters of positive GNP growth and a slight jump in retail sales, foodservice operators from all segments report that customers continue to eat out less frequently, and try to spend less when they do. (In fact, consumers are taking a cautious approach to spending on all levels: In an effort to step up purchases of houses and major appliances, the Federal Reserve cut the discount rate in late 1991 to its lowest level in 20 years, sending interest rates to their lowest levels in 14 years.)

Operators are taking several approaches to increase traffic counts and check averages. Fine-dining restaurants, expecting a 3% drop in sales this year, are trying to offer customers appreciable points of difference: Le Français in Wheeling, Ill., offers customers limousine service to the restaurant from downtown Chicago. Chain operators continue to offer value menus and are stepping up the search for new locations: McDonald's is serving kids meals on United Airlines flights to Orlando, and several full-service chains will open mini food courts in supermarkets.

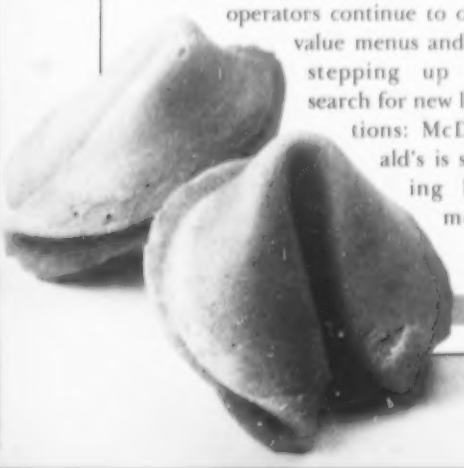
Among institutional operators, the challenge is dealing with budget cuts. Contractors, for instance, must prove that foodservice still is a viable benefit as companies reduce the ranks of employees.

Health-care foodservice directors are looking to automation to make up for the loss of employees. At Cedars-Sinai Medical Center in Los Angeles, Foodservice Director Jerry Berkman gave up his kitchen and now uses all premade foods. More part-timers, fewer managers and line workers with more responsibility also will help health-care foodservice solve its labor problem.

Not all foodservice segments are seeing problems on the 1992 calendar. Social catering and supermarkets, the two fastest-growing segments, both benefit from the fact that, even in a recession, life goes on. Social caterers continue to plan weddings and bar mitzvahs. And people still buy groceries at supermarkets, which are offering more and more prepared foods.

Read on for a quick look at how the foodservice industry plans to deal with the challenges of 1992.

—The Editors



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Fierce Competition Drives Full Service

Full-service restaurateurs hope traffic counts increase when the economy rebounds in the second half of the year. But they aren't banking on it.

"The biggest challenge will be surviving the tough months early in the year and looking to spring as the next opportunity to increase sales," says Bill Marquardt, president of The Berghoff Brewery & Restaurant, Chicago. *R&I* predicts 1.5% real growth for the casual/theme segment in 1992.

The continued Americanization of ethnic-style, casual restaurants will give customers more latitude, says Marquardt. "We have gone to more American-style dishes, more sautés and prep-quality items, as opposed to traditional German items," he says. Marquardt also expects continued popularity for oven roasting and smoked dishes.

In the fine-dining segment, where sales are projected to decrease by 3% in 1992, back-to-basics thinking will summon more familiar and seasonal food items. But menu changes should be addressed with caution. "Fine dining must maintain its edge over casual theme restaurants," advises Paul Albrecht, executive chef with the Buckhead Life Restaurant Group, Atlanta. "Don't forget that people still want to be pampered and look to fine dining to provide that experience."

In the family-dining segment, where 1.1% real growth is forecast for 1992, competition will be fierce. An increase in advertising will try to offset price promotions in the quick-service segment. Companies also must retrain their employees to focus on the customer. **—Jeff Weinstein**

FOODSERVICE GROWTH BY MARKET SEGMENT

Segments	'92 sales ($ billions)	'92 real growth	'92 market share	'91* units
FULL SERVICE	$83.985	0.9%	32.2%	192,400
FAST FOOD**	78.381	0.5	30.1	176,365
EMPLOYEE FEEDING	17.680	0.6	6.8	16,500
SCHOOLS	14.782	1.6	5.7	89,000
HOSPITALS	11.661	0.0	4.5	6,730
LODGING	9.605	0.2	3.7	28,000
COLLEGES & UNIVERSITIES	7.881	0.4	3.0	3,460
MILITARY	6.274	1.3	2.4	3,320
RECREATION	4.360	1.8	1.7	31,000
NURSING HOMES	4.269	1.9	1.6	15,325
SUPERMARKETS	3.849	5.5	1.5	33,000
TRANSPORTATION	3.432	1.1	1.3	300
CATERERS	3.000	6.8	1.2	5,500
CONVENIENCE STORES	2.810	1.1	1.1	57,000
CHILD CARE	2.724	1.9	1.0	29,000
RETAIL	2.108	0.2	0.8	16,100
LIFE CARE & ELDER CARE	1.069	2.3	0.4	4,275
ALL OTHER FOODSERVICE†	2.431	1.6	0.9	10,000

©Restaurants & Institutions, a Cahners publication; *most recent available data; **excludes separate drinking places; †consists primarily of fraternal clubs, prisons and recreational camps

Tight Economy Hampers Fast-Food Sales Growth

For the first time in four years, the *R&I* Industry Forecast predicts that real sales in the quick-service segment as a whole will grow more slowly than real sales in full service.

Some of the reasons for this falloff are familiar: overbuilding and difficulty in extending either customer reach or frequency. A tight economy, however, has added some new brush strokes to the fast-food growth picture. Customers still look to fast food for convenience and low prices. But in the matter of value, fast-food concepts increasingly are finding themselves in competition with sit-down restaurants at the low-priced edge of full service, as well as with each other.

Among fast-food menu segments, the areas of most growth in 1992 will be those that grew most in 1991: Mexican, pizza and sandwiches. *R&I* expects Mexican fast food to see the sharpest increase this year, with real sales jumping 1.4% to $4.1 billion. Quick-service pizza will take a 1% hike to $15.1 billion—just less than one-fifth of all fast-food sales this year. And sandwich chains will almost triple their 1991 growth to 0.8% in 1992, reaching a sales total of about $5.3 billion.

Hamburgers, still the biggest force

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in fast food, will account for $36.5 billion, or 47% of all sales in the segment.

The best hope for hamburgers, and for fast food in general, would be a moderation of the current recession. The downturn of the early '80s saw mainly the "light" fast-food users cut down on visits. During this recession, however, even frequent fast-food customers—who rely on chains for convenient, quick meals—have reduced their spending. **—Brian Quinton**

Its value menu spurred sales for McDonald's, but President and CEO Michael Quinlan still has to contend with the segment's price-sensitive customers.

B&I Shows Value of In-House Operations

Tired of being seen as expendable, employee-dining operators will spend this year proving that good-quality foodservice is crucial to corporations.

To aid their efforts, the Society for Foodservice Management will launch a committee whose purpose is to teach members just how to prove their worth. For instance, studies show that going out for lunch decreases employee productivity and cuts the time they spend on the job. Another example: The cost of foodservice as a benefit increases less year to year than other benefits such as health insurance.

But this strong stance for employee feeding can't make up for cuts in employee-dining subsidies. Operators will continue to add services that keep customers coming in, including "boutique" stations, display cooking, value meals, theme specials, new day parts and branding.

Doug McCaskill, special services manager for Monsanto Co., St. Louis, uses focus groups to gauge changing tastes and price tolerances—as higher-spending middle management group ranks dwindle—and to promote the value of his foodservice among customers. For example, McCaskill sent focus-group members out for lunch. "We averaged all the bills to show that customers spend at least $6 eating out. Our check average is $3.50 to $4 for food our *customers* have told us is equal or better in quality to the popular mid-scale chains." **—Beth Lorenzini**

Schools' Labor Budgets Face More Strain

Too often, school foodservice directors say they find other concerns obscuring the original goal of the National School Lunch program—feeding children tasty, nutritious meals.

For example, among the institutional segments, the recession has hit schools hardest. States, seeking to cut their labor budgets, have offered many employees early-retirement inducements. And many long-term employees have taken the offer. In one district, 45 people out of a staff of 210 retired, including 70% of the managerial staff. With less labor, self-service and longer lines will result. And as the drive for on-site management increases, staff members will be empowered to make more decisions, although some might choose not to make the adjustment to new roles.

A bright note: Preapproval programs are cutting down on paperwork and will increase as "bugs" are worked out of the computer programs and between districts and county and state agencies. **—Susie Stephenson**

More Automation, Less Labor in Health Care

With states slashing health-care budgets, hospitals will turn to more part-time employees, especially those from government-sponsored training programs. Offsetting the expected decreases in labor will be increased automation. If a system is cost-effective, it will be implemented—whether it's a software program designed to improve productivity or a cook-chill system.

For-profit businesses, such as incorporated catering, will take away some of the budget sting. But as state and federal governments seek to increase

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Educational foodservices eke out sales from formerly "unreachable" customers: Colleges focus on niche and retail business, while schools turn to brands.

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their revenue by increasing taxes, these new corporations might well have more profit taken from their bottom lines.

Hospital foodservice directors and dietitians will be held accountable for productivity, cost-effectiveness, good customer relations and improvements in quality. It is a daunting task; paper trails will be one of the most effective tools directors have for justifying their actions and keeping their jobs. **—S.S.**

Hotels Switch from Fine to Fun Themes

The decline in convention business will continue into 1992 as companies cut travel budgets and reduce the number of employees who attend meetings. Few industry analysts expect demand for rooms to catch up with supply before 1993. To offset lower occupancy rates, many hotels are seeking more revenue from foodservice.

Many major hotel chains are replacing fine-dining restaurants with casual, fun, themed concepts designed to fit guests' lowered price tolerance and attract more local business. Examples include Hyatt Hotels' Ciao-Mein, an Italian-Chinese concept, and Brasserie Bellevue, Le Meridien's casual concept.

In an effort to attract more local business, many hotels are entering into lease agreements with local independent or chain restaurants that are popular in the community. Royal Sonesta Hotel Boston saw a significant rise in traffic and profitability when it leased space to Davio's, a local Italian concept. **—B.L.**

Colleges Find New Income Sources

Competition for student dollars is mounting. To survive—and that's really the name of the game these days—college and university foodservices will be eking out dollars wherever they can be found. "We used to figure that if we were keeping 90% of the kids happy, that was good enough," says one director. "Now we'll be trying to find out what we can serve to satisfy that other 10%."

New food niches are one solution that's been working. Retail business is another. Foodservice directors now stock beauty supplies in c-stores and provide copying and laundry services and shoe-repair.

Labor also is an area of increasing concern on college campuses. As the cost of benefits increases and demands for national health care become louder, directors will be hiring less labor. The labor they do hire will likely be students—who work short hours and receive few, if any, benefits. **—S.S.**

Military Feeders Cope with Downsizing

As personnel cuts accelerate, the U.S. armed forces are concentrating on products and kitchen equipment that will help them work more efficiently with fewer people.

Government mandates will cut the number of soldiers and dining facilities in 1992, but foodservice budgets won't necessarily drop with them. In some cases, food reserves, expended during Desert Storm, need to be restocked. Mess-hall renovations also will continue in 1992, again with an eye toward efficiencies in the kitchen.

To improve nutrition, more money will go to training commands to enable purchase of seasonal produce and the like. Private-sector experts—including a nutritionist for the National Football League's New England Patriots—are assisting in long-term nutrition studies.

The military also is working on new

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training programs. One, "Experience with Industry," places a Marine in an executive internship with Washington-based Marriott. **—Rajan Chaudhry**

Disney Mirrors Dip in Recreation Attendance

In the theme-park jungle, Disney is king. But the past year has this king of the jungle wishing fervently for a kinder, gentler 1992 in all its attractions. For the first time since current President and CEO Michael Eisner took over in 1984, the company reported a drop in quarterly and annual profits; and much of that 20% decline stemmed from drastically lower attendance at the Disney parks.

The company has never discussed park attendance openly, but analysts estimate visits to its Florida parks might have been off by 10% to 15% last year. New Disney CFO Richard Nanula implied park attendance was at fault in the four reasons he cited for 1991's poor profit results: the Gulf War, weak travel, the recession, and soft consumer confidence.

Unfortunately, three of those four conditions might well persist through 1992, along with higher air fares and a strong dollar. **—B.Q.**

More Residents, Rules Shackle Nursing Homes

No matter how you cook the numbers, they just don't turn into a tasty meal for the aging. There will be an *increasing* number of elderly and a *decreasing* number of dollars and people with which to care for them.

The regulations set forth in the Omnibus Budget Reconciliation Act of 1987, implemented in 1990, touch all aspects of nursing-home care, including foodservice. They are tied to Medicaid reimbursement rates and carry monetary penalties for noncompliance.

Among other stipulations, foodservice departments now must employ a qualified dietitian on either a full- or part-time basis, offer menus that meet certain recommended dietary allowances, provide substitutions for residents who refuse a main entree, supply residents with a snack at bedtime, and make available special eating utensils for those who need them. **—S.S.**

United Airlines says it might take its branded McDonald's Friendly Skies Meal systemwide in 1992.

Supermarkets Link with Chains in Takeout

Sales of prepared foods in supermarkets are projected to grow to 17% of the total takeout market in 1994 from 12% in 1989. That 5% will be taken directly from the fast-food segment, according to industry sources.

In a strategic shift, some chains have decided to join supermarkets, rather than fight them for share of stomach.

At an October 1991 conference, two foodservice consulting firms asked retailers and midscale-chain restaurant operators to team up. The result is The Supreme Court, in which up to five restaurant concepts would create mini-food courts *within* supermarkets, with one central kitchen.

So far, Chi-Chi's, Bennigan's, Godfather's Pizza, Fifth & Grand Sandwich Stand, T.J. Cinnamons, The Mean Bean (coffee), Ricky Shaw's Oriental Express, and several national food and beverage manufacturers are in on the deal. The prototype is scheduled to open this month at a new Ball's Food Store in Kansas City, Mo. **—B.L.**

Carriers Innovate in Market-Share Battle

Among the airline industry's fewer major players, service looms as the marketable point of difference. Foodservice figures to be a big part of their strategies.

Northwest Airlines, Minneapolis, is grabbing attention with its four-city test of a self-service breakfast buffet served at the gate before boarding.

United Airlines will proceed with upgraded service in domestic first class and international economy class. Among its new creations is a boutique wine selection for first-class passengers. The Elk Grove Village, Ill.-based carrier also is considering taking its McDonald's Friendly Skies Meals, de-

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signed for kids, systemwide in 1992.

Railroad giant Amtrak, Washington, is implementing systemwide menu changes in 1992. At lunch, lighter items will take over, for instance, an unsweetened fruit salad with low-fat cottage cheese. Amtrak's club-car service will add five sandwiches. —J.W.

Competition Crowds Catering Industry

The country's economic troubles have taken their highest toll on business catering, a trend expected to last through 1992. Box lunches and low-labor platters have become the norm in boardrooms nationwide. Self-service will continue as the hottest trend in catering.

Social catering is benefiting from the trend toward convenience demanded by consumers too busy to prepare their own meals, large or small. And even in a downturn people don't put off the "life events"—such as weddings—that create catering's strong base.

Full-time caterers will face competition aside from that already presented by foodservice in museums, contractor feeders, supermarkets and even fast-food chains. Many newcomers enter the segment with their overhead already covered, which gives them some price advantages. In addition, caterers are plagued by competition from unlicensed, uninsured operations—often run out of home kitchens and using part-time help—that can afford to undercut them. —R.C.

Despite Setbacks, C-Stores Still Cook

For a year now, most c-store chains have been too busy fighting for breathing space between retail supermarkets and grocery-selling gas stations to do much prepared foodservice. So in projecting 1.1% c-store food sales growth in '92, *R&I* is merely betting that chains can retain their current 1.5% share of the commercial market.

But one of the segment's biggest competitors is climbing back out of debt and into the foodservice arena. Dallas-based 7-Eleven is testing daily deliveries of fresh, commissary-made salads and sandwiches. The company also is testing a taco that can be cooked on a roller grill.

As in other segments, branding is making inroads here. Houston-based National Convenience Stores has opened five Stop N Go units with "eateries" that sell Mrs. Fields cookies and Pizza Hut pizzas along with their own sandwiches and salads. —B.Q.

Sales Slump Doesn't Deter Retail Expansion

Despite sluggish sales, most retailers plan to expand and upgrade foodservice facilities this year.

Branding continues to draw the attention of discount stores. Troy, Mich.-based K mart will have 120 Little Caesars pizza kiosks installed by the end of January. Minneapolis-based Target reports sales for its in-house-brand food court are running 25% higher than projected.

Among the department stores, the news is mixed. In Florida, the 45-unit Burdine's chain has had its foodservice expansion plans put on hold until parent company Federated-Allied Department Stores emerges from Chapter 11.

On the positive side, sit-down restaurants are making a comeback, says John Lovelace, foodservice director for Minneapolis-based Dayton Hudson. He points to the major shift in demographics and values as the reasons behind changing consumer preference in retail dining. —J.W.

Social catering will grow faster than any other industry segment in '92, with reai sales advancing almost 7%. On its heels: supermarket foodservice, at 5.5%.

MENUS OF CHOICE CAPTIVATE DINERS

Operators will cut costs and still cater to customers with the comforts and service that only eating out can bring.

By Nancy Ross Ryan

The forecast for today's market climate shows a cold front moving in: Customers are more price-resistant than ever. But every cloud has a silver lining.

This year's trends address not only the operators' bottom line, but also the customers' needs: for a lower check average; for sound, earth-friendly food; and for comfort beyond that of lifting the lid on a takeout meal in front of the VCR—in short, for the kinds of foods and flavors, service and ambience that only eating out can provide.

Successful operators, like weather vanes, respond straightaway to shifting winds. Their direction in the year to come will be to reduce costs with creativity rather than cutbacks and to increase profits through innovation.

For foodservice, this might not be the best of times, but judging by the following top trends, 1992 might be one of its finest hours.

CAPTIVATING COMBOS

The No. 1 trend for 1992 will be captivating combinations of food on one plate. Last year saw creative variations on the old classic of surf and turf. And dessert sampler plates became increasingly popular. In 1992, creative combos will captivate customers in every menu category.

Some examples of appetizers: Italian *antipasti misti* (antipasto plates of mixed cheeses, *crostini* and sausages, as well as marinated, grilled and stuffed vegetables, etc.); a Southwest sampler plate (tamale, black-bean cake, stuffed jalapeño, guacamole, etc.); and mixed seafood plates (smoked salmon, shrimp and tuna sashimi).

Among entrees, the traditional mixed grill will be updated with lively variations of meat, seafood, poultry and sausages. For example: a jumbo grilled butterflied shrimp with a pork or veal medallion and grilled marinated chicken breast; or a lamb chop, lamb sausage and lamb-spinach rouladen.

Also, one-dish meals are more exciting than ever. Consider the 1992 version of the traditional Spanish paella, which we call pot luck. Saffron is omitted and the main-dish rice is studded with cost-effective chunks of chicken, pork or sausage or ham, beef strips, shrimp and/or codfish or catfish, green peas and tomatoes.

Even side dishes will benefit: Familiar grains such as white rice will welcome the addition of brown rice, lentils, peas and beans. Less familiar grains such as bulgur, cous-

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Vegetables are bigger and better than ever, and not just for vegetarians.

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TOP TRENDS

- **Captivating combos create new appetizers, desserts and entrees.**
- **Premium coffees heat up beverage menus.**
- **Vegetables: Not just for vegetarians.**
- **Beans finally get respect.**
- **New menu math: Mix and match appetizer, entree portions.**
- **Family-style dining puts fun on the table.**
- **Eco-nutrition spotlights food safety.**
- **One-step seasonings pack a flavor punch.**

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cous and quinoa will appear as bulgur pilaf, tabbouleh or combination bulgur-quinoa-couscous side dishes.

Dessert combinations will be more creative: mini portions of cakes, tarts, flans, mousses, ice creams and sorbets accompanied by complementary sauces; mixed-berry or fruit compotes topped with mini cheese blintzes; tiny crepes with varied fillings; and do-it-yourself yogurt, soft-serve or ice cream bars with toppings.

PREMIUM COFFEES

Which came first: the coffeehouse, or customers' new romance with full-bodied premium coffee and those tantalizing coffee drinks cappuccino, espresso, café brûlot, caffè latte, Irish coffee? No matter. Interest in quality coffee, both varietal beans and blends, and recipes for creating signature coffee drinks with and without beverage alcohol is at an all-time high. Premium coffee is hot in restaurants, retail foodservice, mall units, university and B&I foodservice.

VEGETABLES FOR ALL

No longer just for vegetarians, vegetables as appetizers, entrees and accompaniments

Look for legumes: Beans, lentils and peas are bigger, bolder and brighter in 1992.

No. 1 trend: Creatively combining small portions enhances value and appeal.

have won customers' hearts. In fact, 20% of the public chooses a restaurant based on the availability of vegetarian main courses, according to a recent Gallup poll.

Part of the attraction is their positive, well-publicized nutritional profile. But just being good for you was never enough. The real reason that vegetables are bigger than ever is that they taste better than ever, thanks to chefs' inventive preparations: grilled, stuffed, marinated, caramelized, battered and deep-fried (with dipping sauces galore!).

Among vegetables noted on menu are: patties (bean cakes, sweet potato cakes); crisp deep-fried chips (white potato, sweet potato, carrot, beet, parsnip); deep-fried herbs; stuffed vegetable rolls; and vegetable chutneys, marmalades and salsas.

A HILL OF BEANS

Finally, beans have gotten some respect. They've moved out of the category of joke food into the menu mainstream. Look for more legumes (beans, lentils and peas) of all shapes, sizes and colors in soup bowls, salads, side dishes, stews and condiments such as relishes and salsas.

Why this sudden interest in beans? Easy. They're meaty, protein-rich and colorful. Not only do they have distinctive flavors of their own, but like rice and pasta, they are great carriers of flavors from seasonings and compatible ingredients. Menu examples include Italian pasta e fagioli, Tuscan white-bean soup, Cuban black-bean soup, lentil salads and pilafs, and bean burritos.

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Family-style dining is the trend that puts some fun back in foodservice.

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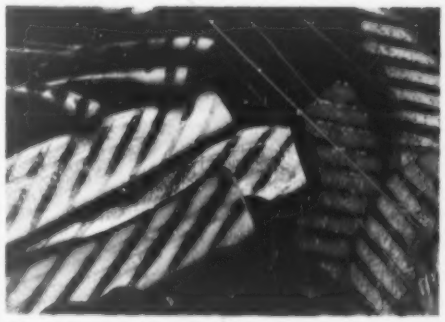
THE NEW MENU MATH

It goes something like this: Do customers want an all-appetizer meal? That computes. Do they favor one special appetizer? Then offer them a double portion as an entree and charge double the appetizer price. That adds up, too. Perhaps more than one of the entrees catch their fancy? Then offer them half-portions as appetizers at half price. That's also a good sum. The flexibility of the menu that emerged so strongly last year has gone one step further to flexible portions. More restaurants are building check averages by offering to halve or double entree or appetizers, priced accordingly.

FAMILY-STYLE DINING

No, we don't mean more child-friendly menus, although that trend will be strong and ongoing. What we mean is the emergence of a new—and very old—style of dining: family style. More restaurants are adding family-style dinners to their menus, and more new restaurants are opening with family-style dining as their concept: large portions of food in big bowls, on big platters, served to the table for everyone to share. By letting customers help themselves and encouraging participatory dining, operators help themselves by reducing labor in plating and serving. It also helps everyone by introducing an element that has been sorely missed in foodservice of late: fun!



Not just for vegetarians: Vegetables star on menus as appetizers and entrees.

ECO-NUTRITION

Customers' continuing nutritional concerns have taken a holistic direction. Not only are they concerned about diet (the calorie-, cholesterol-, fat- and sodium-content of foods), but also about foods' wholesomeness and environmental impact.

In 1992, expect more customer queries about food additives, hormones, pesticides and safety. So-called organic foods are more in the public eye.

Smart operators will take the bull by the horns and start building cost-effective, realistic programs that address and prioritize the issues of nutrition, food safety and ecology for their operations.

IN BETTER TASTE

Americans' spice consumption has tripled in the last 20 years and hot red pepper consumption has doubled in the past 10. From-scratch cooking at home has decreased, and customers look to restaurants for the spice of life. So it had to happen: the shift to the convenience of one-step seasoning blends.

Last year, it was flavor-infused herbed and spiced oils used for sautéing, as table condiments, as simple sauces and in salad-dressings. This year, it is one-step-measuring seasoning blends, both dry and liquid, that come in dozens of flavor profiles (many low-sodium) and can be used for everything from soups to dry rubs and liquid marinades. In 1992, look for dishes that pack a savory seasoning punch—seasoned french fries, anyone? R&I

Fast flavor: Easy-to-measure seasoning blends pack one-step flavor punch.

TRAINING FEEDS FIGHTING SPIRIT

Question for the year: Is it possible to justify spending money on training when employees are being fired? The answer is yes.

All employees will receive more training in 1992. The logic is simple: If management doesn't invest in its workers, the company loses its competitive edge and goes out of business.

Smaller staffs must be sent back to boot camp for critical basic training and lessons on how to make decisions on their own.

By Susie Stephenson and Jeff Weinstein

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FLATTENING THE PYRAMID

Since menus can only be adjusted so much before quality starts to suffer, and fixed costs are just that, labor is one of the few areas that can be squeezed. As a result, operations in 1992 will undoubtedly see fewer managers, more part-time workers who don't qualify for benefit packages, and more self-service.

The traditional pyramid structure of management is flattening out through empowerment at the unit level. Layers of management are being cut. A district manager who once ran six stores now controls as many as 20 units.

If the recession has created one major benefit, however, it is an increasingly talented labor pool. Many human resources departments find that higher-quality employees are applying for jobs. But the recession won't last forever. To make sure that the new crop of talent won't leave after the first upturn in the economy, a career in foodservice must appear as more appetizing. The potential for climbing the company ladder must be perceived as more than lip service.

ARE WE HAVING FUN YET?

Operations able to create environments that foster cooperation and enthusiasm will increase customer satisfaction and sales.

To that end, bonus structures for managers should be based not only on meeting sales and cost-control standards, but also on reducing turnover rates. For example, at the seven-unit McGuffey's restaurant chain, Asheville, N.C., managers are held accountable for praising and recognizing the staff through a formal program. At least 10 times a month, they must praise and recognize the staff—either individually or in groups.

"Managers are told not to use praise and recognition as a tool for manipulation," says Michael Brandson, vice president for human resources for the company. "The gesture must be unique." The annualized turnover rate at the chain is 48%.

At Swedish Medical Center in Seattle, an atmosphere of enthusiasm

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Centralized training is costly and doesn't mesh with the new emphasis on empowerment.

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TOP TRENDS

- **More part-time employees to cut costs.**
- **Fewer managers; more empowered employees.**
- **Bonuses based on turnover rates.**
- **Decentralized, back-to-basics training.**
- **Visual, instead of written, job aids.**
- **Two-tier benefit packages.**
- **Congressional push for health-care reforms.**
- **More technology to enhance service.**

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and commitment is fostered from the moment new hires walk in the door. Instead of hiring someone at 2 p.m. and putting him to work at 2:01, a week-long training session always starts on a Monday with a hospital orientation. The new employees lunch with the training assistant, are fitted for uniforms and told their training program for the week. The hospital has found the program so effective that it plans to expand it. There will be a "check-up" reception for employees at the end of their first 30 days on the job, and another gathering after 90 days. Such "stroking" of employees will become more prevalent this year.

VIDEO TRAINING A HIT

While most companies once brought new managers to the home office for a week or two of orientation, the trend in the 1990s is toward decentralized training. Centralized training was too expensive and often too standardized. A third problem: It also doesn't mesh with the new emphasis on empowerment.

There also will be an emphasis, particularly in institutions, to know what jobs need to be done and then tailor training accordingly.

Methods of training will change this year, too. Videos will be in: People who grew up with MTV—the employees of the 1990s—have little patience for long, lecture-type training programs or small-type training books. Also, videos allow training to be self-paced. (Many operations use ½-inch format so employees can take the tapes home.)

Job aids, such as photographs, also will become more critical this year. Pictures (not words) on the sides of bottles are the type of directions that are needed, according to Sandi Spivey, director of field training for KFC, Louisville, Ky.

EMPOWERMENT BLOSSOMS

Empowerment certainly will continue to be a key buzzword. If it works, it will result in more efficient and customer-responsive organizations. But a price will be exacted.

Along with teaching job mechanics, training in 1992 will emphasize the importance of better customer relations.

Not everyone is—or will be—comfortable with the concept or the responsibilities that go along with this style of management.

Those who adjust will blossom. Many unit managers and hourly employees report doing a better job when empowered. They like the idea of having a voice in exactly how the operation should be run. "If you give people a say in what their jobs are and how they can do then, you'll keep them for longer periods of time," says Ruby Puckett, R.D., director of nutrition services at Shands Hospital in Gainesville, Fla.

Empowerment also results in greater "buy-in," whether group decisions are made on the unit level or in conjunction with management. This will be particularly important in 1992 as many companies and institutions look for ways to cut costs further.

POLITICKING AFFECTS LABOR LAWS

The November presidential election will influence the legislative agenda in 1992.

To show concern for their constituents, Democrats will push hard for reform of the health-care system. Some policy makers say employers should be required to provide health-care coverage to employees and their families. Others realize rapidly rising costs prevent employers from offering coverage. Numerous solutions will be introduced during the 102nd Congress, including national health insurance and employer mandates that could incorporate incentives. Lawmakers lack a consensus on which direction to take this hot issue, however, and on how to finance it.

The National Restaurant Association and

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Computers have eliminated administrative time, allowing managers to be with customers.

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several other employer groups recently established the Healthcare Equity Action League to unite the business community in a plan to reform health care. The group opposes all government mandates, preferring a mix of incentives and other reforms to deal with the problems of cost and access.

The escalating cost of health insurance is already forcing restaurateurs to place some restrictions on medical payments. For instance, although employees with need are encouraged to participate in substance- and alcohol-abuse programs, new policies at one chain require that the actual program has a success rate of at least 30%.

In addition, many institutional foodservice operators expect two-tier benefit systems to be implemented next year. "We gave away the farm to keep labor quiet in the 1970s and 1980s," says one school foodservice director. "Now we're paying for it." Unions reluctantly are starting to agree to dual packages, realizing that if they don't, the operation will either be out of business or be contracted out.

Benefit packages of all employees will come under greater scrutiny this year.

FOODSERVICE LABOR DEMAND WILL OUTSTRIP SUPPLY

In the year 2000	Workers needed	Increase over 1988
Waiters, waitresses	2,337,000	551,000
Cashiers	2,614,000	304,000
Food counter/fountain and related workers	1,886,000	240,000
Food preparation workers	1,206,000	234,000

Source: Bureau of Labor Statistics, American Demographics

In 1992, the National Restaurant Association's legislative affairs group also will concentrate on repealing FICA tax on tips, exempting businesses grossing less than $500,000 from federal minimum wage requirements and reforming teenage labor laws.

LOOK FOR EVERY EDGE

Improved technology will help alleviate the cost of any passed legislation. If the owner of a restaurant or director of an institutional foodservice department can produce figures showing a favorable pay-back period for a new piece of equipment, it will be bought.

Technology also will help increase customer service this year. "Computers have eliminated so much administrative time," says Geri Reilly, director of training at Boston-based Au Bon Pain. "They allow managers to be with customers—where the true impact of an operation can be felt—instead of spending time creating numbers."

In fact, shrewd operators now realize they cannot afford to overlook any training or service technique that can give them an edge in this extremely competitive foodservice environment. R&I

OPERATORS TEAM UP TO STAND OUT

Companies hope to put new vigor into the old bottom line by forging new partnerships and tapping new markets.

By Rajan Chaudhry and Brian Quinton

Two companies please a crowd: That's the credo of some of the largest chains as foodservice moves into 1992.

Combining two or three brand names to spark more customer appeal and generate more cost efficiencies is not a new idea. But combos make particularly good sense today, mainly because they are an efficient way to build market share. Rather than spending time and capital to develop and promote proprietary pizza, yogurt or cookie lines, companies call on the instant experts at Pizza Hut, Little Caesars, TCBY, McDonald's and the rest.

While teaming up is by far the most prevalent marketing trend of this year, foodservice operators are trying other ways to step up sales and profits. Among these trends: Offering price/value by marking down items permanently or by offering more for the customers' money; cutting investment costs; and handing marketing responsibility to franchisees. Creative cost-cutting also prevails as companies redesign buildings and kitchens and use computers to efficiently schedule employees.

BRANDED MENUS, BRANDED CONCEPTS

Brand alliances are taking place on three fronts: at contract accounts, at fast-food sites and with retail brands on menu boards.

Contractors are particularly interested in this kind of name recognition. Though it might compete with their house brands, it nevertheless builds traffic. Marriott has long franchised big-name fast food in its Travel Plazas; now the chain is rolling those same names into its lodging and contracting divisions. By July, guests at 65 Marriott hotels and resorts will be ordering Pizza Hut pizzas from room service and, in some cases, right off the dining-room menu. Meanwhile, Marriott Management Services has contracted to add 100 Burger King express units and an unspecified number of Taco Bell kiosks to the Pizza Hut, Dunkin' Donuts and Mrs. Fields menus it already offers in its educational, hospital and B&I accounts.

And just as contractors are gravitating to the big names in fast food, fast-food chains are testing relationships with big names in retail foods, with the hope that putting high-

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Coco's is a family restaurant by day and an upscale dinner house at night.

TOP TRENDS

- **Branded menus, branded concepts.**
- **Value wars rage on.**
- **Chains look for a three-meal day.**
- **Convenience rules.**
- **Marketing strategies go local.**
- **Cost-cutting gets creative.**
- **Labeling laws on the horizon.**
- **Environmental concerns taper off.**

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profile brands on the menu makes a quality statement. Burger King, which already offers famous-name salad dressing and frozen desserts, recently expanded a test of branded low-calorie entrees and desserts.

In a twist on that theme, chains continue to sell their own branded products in supermarkets. Chi-Chi's has a line of salsas, while Pizzeria Uno says its sales of frozen pizzas will double this year, to $4 million.

VALUE WARS RAGE ON

Increasingly, chains are looking to enhance the "value" element of price/value by offering better food, improved service and broader menus.

One result of this strategy is that competition between segments is increasing, says Robert Sandelman, president of Brea, Calif.-based consulting firm Sandelman & Associates. For example, Coco's has had great success positioning itself as a family restaurant by day, while taking on more-upscale dinner houses for evening business. It uses the tag line, "Dinner house quality food, family restaurant prices." Meanwhile, Sizzler tackles the high end of quick service with the tag line, "Real food for less than you'd spend for fast food."

Operators from all segments are upgrading the quality of the products they serve and increasing portion sizes, often without proportionate price increases. Many of these changes involve meats, which are favorably priced and expected to remain so for 1992. Both Sizzler and O'Charley's have switched to beef that's aged longer, for example, while Applebee's has increased the meat portion of its fajitas.

CHAINS TARGET NEW MEAL PERIODS

Concepts also are stepping up efforts to break into new meal periods. McDonald's sets the pace here; analysts expect the company will finally test a full dinner menu this year. Other chains will continue to explore new meal opportunities. KFC is testing lunchtime salads and sandwiches featuring both fried and nonfried items in some of its

International units such as this Arby's in Nassau will still offer better profits than most domestic stores.

mall units. Taco Bell has begun to roll out a breakfast menu featuring value-priced burritos and caramel rolls. And Subway is testing breakfast sandwiches: subs made with ham and egg; bacon and egg; and steak, cheese and egg, along with muffins, pastries, fruit and coffee.

Hardee's, in fact, has appointed three new companywide "daypart directors" responsible for studying menu additions, improving operations and devising promotions during his or her meal period.

CONVENIENCE RULES

At an Amoco gas station in the Chicago area, intercoms mounted on the pumps allow patrons to order from a Burger King unit inside while they fill their tanks outside.

While it begs the obvious one-liners about getting gas at Burger King, it does illustrate that convenience is driving the foodservice industry, and it has grown to mean more than takeout and delivery. Demand for convenience is prompting operators to bring foodservice to the places people work, shop for groceries and get new spark plugs.

Although convenience remains one of the industry's premier growth opportunities, it also is the greatest chance to turn off customers with botched orders, cold food or long waits. In 1992, the emphasis will be on improving systems and customer satisfaction. Just as Domino's 30-minute guarantee set a new standard for delivery, Rally's, which promises "Get it right or get it free," is raising the ante for drive-thru service.

MARKETING STRATEGIES GO LOCAL

The battle for market share will continue its shift to the local level in 1992. A prime

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Wendy's, McDonald's and Ryan's are trimming costs with new unit designs.

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example is McDonald's, which last year diverted funds from national television to local markets for use in price-point advertising. It vowed to commit as much as $47 million to the program.

Industrywide, the battle cry is "Outthink, don't out-spend." Television remains important, but it is costly, complicated to buy, and rendered less effective by cable and remote controls. Radio and direct mail, both of which are easily targeted to specific customers in defined markets, will be the hot marketing tools of 1992. Radio also has the advantage of allowing operators to catch impulse buyers at exactly the right moment.

CREATIVE COST CUTTING

With state and local budgets shrinking and consumers still tight-fisted, companies will continue to look for both cost savings and greater efficiencies in 1992.

Across the industry, organizations are looking to flatten their structures. Shoney's, for example, is cutting a layer of management and shifting more responsibility to the unit level. Other businesses will follow the lead of companies like Service America and restructure along lines of business.

Technology represents some of the greatest opportunities for cost savings. New software systems help in labor scheduling and inventory control. Computerized kitchen equipment cuts down on burned foods and waste. Touch-screen ordering systems and automated equipment trim labor costs.

Tapping new dayparts, as KFC is trying to do with a large sandwich menu, will help chains compete for market share.

LABELS PUT IT IN WRITING

Consumers want to know more about the food they eat, and while mandatory nutrition labeling might not become a fact of life in 1992, a growing number of operators will give nutrition information more play.

A potential trouble spot for 1992 is government restriction on advertising claims. Foodservice marketers rely on terms like "low-fat" and "fresh," and it appears that the Federal Trade Commission might step in to regulate such claims based on Food and Drug Administration guidelines.

ENVIRONMENT CONCERNS SLACK OFF

Concern for the economy is likely to hold the attention of consumers in 1992, and other issues, like the environment, might temporarily take a back seat.

Budget problems will prevent many localities from implementing new recycling programs this year. But any halt will be brief, and smart operators will continue to step up efforts to reduce, reuse and recycle.

A growing number of companies, such as Cracker Barrel, are showing their commitment to change by creating new positions for people whose sole job it is to oversee environmental programs.

Operators in the West are responding to water shortages by adding warewashing systems and toilets that use less water. Even landscaping is changing in dry regions: Green laws may soon give way to xeroscaping, the use of indigenous plants that need less watering.

In the face of escalating utility costs, operators are becoming more energy-conscious. New units and remodels will use energy efficient appliances.

Air pollution is also a concern, and operators will explore means of cutting emissions from wood-burning ovens and trimming idling time in drive-thrus. R&I

KITCHEN SCIENCE WORKS DINING MAGIC

Kitchens become more streamlined to leave staff free to entertain the customer.

By Beth Lorenzini

In the '90s, every change made in design and equipment will demand that attention be paid the Three Es: Entertainment, Efficiency and the Employee.

Across the country, customers are looking for more than a meal when they dine out. They want to be entertained. When the wall between the kitchen and dining room comes down, providing a view of the kitchen staff at work, that's entertainment. When walking into a Southern roadside restaurant in Chicago literally feels like a walking into a *Southern roadside restaurant*, that's entertainment. When having lunch in the corporate dining facility means having ingredients *you* choose cooked in a wok before your very eyes, that's entertainment—at no extra charge.

Chicago's Lettuce Entertain You Enterprises invites customers to dine in everything from Ed Debevic's 1950s diner to Southern-themed Bub City Crab Shack & BBQ. Hard Rock Cafe marries the celebrity music world with food while its cousin Planet Hollywood brings the world of cinema to foodservice. The Olive Garden offers a glimpse of Italy and even features a chef making pasta just inside the door. At Disney's Sci-Fi Dine-In Theatre, customers eat in "cars" while watching science-fiction movies.

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"This is the age of instant information and constant media blitz. Americans bore easily," says Chris Schmitt, principal of Chris Schmitt & Associates, Charleston, S.C. "That's why we're seeing so much more fantasy and whimsy in design today, and why we'll see more of it in the next few years." Schmitt captured the trend in his design of The Arizona Bar & Grill in Charleston, S.C., where patrons belly up to a bar shaped like a giant snake.

As flavor explodes on the food scene, colors of interiors of restaurants and cafeterias also have intensified. Reds, yellows and vivid greens echo the colors of vegetables and fruits on the grill or salad bar. Neon attracts the eye. Metals and tiles add color *and* texture. But form and fun follow function as designers create ways to disguise technical features. At the Franklin Institute, Philadelphia, handsome pylons and torchieres provide conditioned air to the dining room, and a bolt of lightning zig-zagging across the ceiling is an added light source.

The films of Frank Capra and design elements of the '40s inspired designer Jordan Moser's interior for the Cypress Club in San Francisco. The result is a wonderland of pudgy, overstuffed furniture and fully rounded architec-

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Customers look for fantasy in design—they want to be entertained.

'92

TOP TRENDS

- **Fantasy themes emerge in restaurant design.**
- **Display cooking brings kitchen into dining room.**
- **Self-service helps ease labor crisis.**
- **Centralized food preparation streamlines kitchen function.**
- **Multipurpose equipment saves space.**
- **Operators work to ensure employee power, comfort and safety.**

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tural curves in elements from doorways to lighting fixtures. The rounded shapes echo the curve-emphasizing women's fashions of the era, 1948 Hudsons and even vacuum cleaners, according to Moser.

THE INSIDE-OUT KITCHEN

In institutional settings, entertainment finds its form in boutique food stations and display cooking. Not only are menus separated into ethnic themes, pizzerias, bakeries, deli stations and produce bars complete with neon lights, bright signs and themed decor, but foodservice employees are performers as they make custom meals to order.

But desire for entertainment isn't the only reason for the increased popularity in food courts and display cooking. Customers perceive increased value when their eggs are cooked before them on the grill, when they see the muffins coming out of the oven, when the roast is carved on the line. What sounds more appealing: choosing angel hair pasta, marinara sauce and Italian sausage from among other options at Marriott's Pasta Pronto station, or opting for an operation's "Italian Pasta Special" straight out of the steam-table pan?

Bringing the kitchen into the dining room doesn't take any more labor—it's simply a matter of repositioning the cooking function. And when that happens, operators find another phenomenon occurs: Employees, face to face with customers, take a greater interest in the quality of their work.

While employees are busy making specialty meals to order, customers are helping themselves to other food favorites. Ira Beer of Beer Associates, Lynbrook, N.Y., cites an increase in demand for hot and cold self-serve islands. "The beauty of the concept is that you sell a variety of high- and low-food-cost items for one carefully figured price per ounce," says Beer. "If a customer chooses a lot of low-food-cost items, the operation really profits, if they choose a mix of high and low, no problem—because the price you've set per ounce was designed to cover the cost of the higher-priced items."

At The Arizona Bar & Grill, designer Chris Schmitt captures fantasy with a very realistic snake bar.

On these hot-cold bars, clever marketing kicks in. Hot lasagna is placed near Italian bread and the salad section. Colorful shish kebabs are positioned near rice. Customers choose what and how much they want. They also help themselves to beverages and microwaveable brand-name entrees they've purchased from the cold vending machine. Self-service takeout is enjoying more success as customers stop by the dining facility before leaving work to pick up a gallon of milk and a pizza.

In a recent *R&I* survey on equipment buying, many of the top 10 intended purchases support the idea that self service is catching on. Among them were microwave ovens, ingredient bins (for self-service bars), reach-in refrigerators (for prepared goods), ice makers (for cold bars), utility carts (to transport goods to the servery) and food scales (to weigh self-serve items by the ounce).

AUTOMATED SCRATCH COOKING

This is the decade of systems. Centralized production, cook-chill and batch packaging of recipe ingredients all are aspects a new efficiency in food preparation.

At Electronic Data Systems, Plano, Texas, three main building clusters feature central

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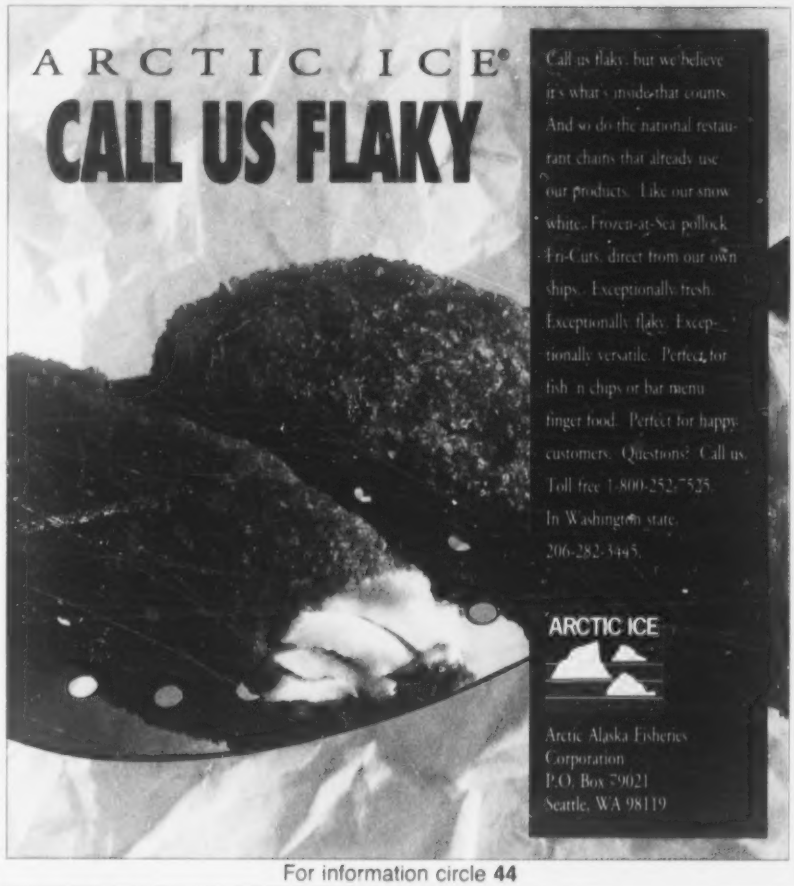
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Display cooking enhances customers' value perception.

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kitchens that supply six dining facilities. For the past four years, the foodservice, directed by René Hebert, has consolidated several food-preparation functions. For example, all from-scratch baked goods are prepared in one cluster, all deli meats and cheeses sliced in another, and all hot entrees prepared in the third. Each of the prep kitchens then transports its items to the other five facilities.

This year, a new facility is being built on the campus—the number of EDS employees is expected to double. The new building will include a cook-chill system, further increasing the efficiency of an already break-even corporate-dining operation.

EDS exemplifies how operations can be streamlined without jeopardizing quality. The operation has become expert at cross-training employees—the other side of the efficiency equation. "I am in the business to teach my foodservice associates how to prepare and sell food," says Hebert. That means that EDS foodservice employees are capable of running the deli, the entree station, or the Mexican concept, stocking the salad bar, or preparing foods in the kitchen. "Our staff owns this business," says Hebert. "If they're working the deli, for example, they know how to stock it, serve food and completely clean the station afterward. On that day, the station is their responsibility from A to Z."

Display cooking enhances value and entertains. Note the attractive merchandising techniques used at this Wood Company corporate-dining account.

At Irvine, Calif.-based Taco Bell, unit kitchens are shrinking as more and more of the ingredients are prepared and assembled centrally. According to a recent *Harvard Business Review*, "Both the front-line workers and their managers focus on serving customers, not on manufacturing meals." By shifting its factory operation from manufacturing to assembly, the article continues, Taco Bell removed more than 15 hours of back-room labor per day from the average operation. The chain is testing drink dispensers that fill cups with ice and soda with the push of a

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For information circle 46

Boutique food stations call for attractive display equipment.

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button as well as an automatic taco maker that folds and fills taco shells.

Having a small operation doesn't rule out streamlining. Rather than having chili prepared five ways, depending on the unit and the employee making the chili that day, more operations will choose to package set amounts of ingredients needed to make regularly featured menu items. It's easier to show non-English-speaking or -reading employees that they need two packs of ground beef, a bag of chopped onions, a package of seasoning and a bag of sauce (all of which were prepackaged during a down-time shift), than to show them how to measure out each ingredient on its own.

Small vacuum-bag sealers lend themselves to "kit" creation. Chefs can package everything from their signature spice mixes to a presauced steak. Cut vegetables can be packed and ready for the salad bar or display-cooking station.

POWER TO THE EMPLOYEES

When systems become streamlined, more time is available to make improvements. Through its Quality Improvement Process, Dobbs International, Memphis, has made innovative improvements in kitchen equipment—with ideas that came from its own staff. For example, employees used to have to take three steps to make up airline meals: cart components from a supply room, load them onto a stationary shelf, then unload them onto the conveyor belt. To eliminate the second loading step, employees suggested that the stationary shelf be made mobile. That way, the shelves can be wheeled into the supply room, filled and wheeled back to the tray line.

Another employee-suggested improvement is a piston on slicers that enables employees to use high-pressure air rather than their own strength to slice foods. Sliced tomato production alone increased 150% since pistons were installed. And a $20 perforated copper pipe fitted around the base of sinks used to wash lettuce creates water agitation. The result: Complaints of foreign objects in salads have dropped from an average of 20 a month to one or two.

Finally, graphics rather than writing on the buttons that operate equipment

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The two popular boutique food-station and takeout concepts are combined at 3M. Good-looking display cases merchandise food effectively.

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The '90s challenge: to prepare food faster, better and more safely.

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help employers meet the needs of non-English-speaking and -reading employees. Many mixers, ovens, kettles and fryers can be programmed to cook items featured regularly on menus with the push of a button—rather than requiring that employees figure out time and temperature. Training, too, is turning visual as operators opt to show "how to" on video first.

THE SMALL, CLEAN KITCHEN

The less space needed in the kitchen, the more room for revenue-generating seats. Any piece of equipment that can do double or triple duty will be a hot commodity. Combination oven-steamers, beverage dispensers that make ice and dispense both ice and cups, tilting braising pans that double as griddles, combination coffee/tea brewers and small cook-chill systems are examples.

But the smaller kitchen needs to be clean and comfortable for the staff. Induction heat, widely used in Europe, is making headway stateside in ranges and fryers. Induction heat heats the food in the pan, not the pan or the air around the pan, thus keeping the kitchen cooler. In addition, the surface of an induction heat range is flat—and therefore easy to clean.

More design features make sanitation a priority in the kitchen. These include mobile equipment that can be pulled out and cleaned; slip-resistant, easy-to-clean floor and wall materials; high-pressure water spray systems; and easy-access hand sinks and no-touch hand dryers. If you want a clean and sanitary kitchen, it has to be easy for the employees.

Good sanitation starts with proper training, but needs to be made easy for employees to make it habit. Having plenty of disposable gloves, hand sinks and no-touch dryers around leaves no room for excuses.

THE AGE OF ACCOUNTABILITY

Increased computer use enables operators to get minute-by-minute status reports on how the operation is running. They know from sales reports and scheduling histories exactly how many employees to schedule each day. Computers track inventories, alerting operators to supply needs and avoiding last-minute shortages and substitutions. Computers log equipment breakdowns, showing the operator the cost of downtime, turning hidden costs into hard costs that operators can parlay into better service from manufacturers. R&I

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